

**AGENDA ITEM:** Library of California Funding

**ISSUE TO COME BEFORE THE BOARD AT THIS MEETING:** Consider funding for Regional Library Network operations for the period January to June 2001.

**RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD:** I move that Library of California Board authorize the expenditure of \$2,527,000 to support partial implementation of LoC Regional Library Network Plans of Service. Expenditure of funds will be limited to the following program categories:

- ◆ Reference and Information Services (Sect. 18846)
- ◆ Delivery (Sect. 18842(c))
- ◆ Training (Sect. 18845)
- ◆ Administration including development and support of the network council (Sect. 18841)
- ◆ Public Relations (Sect. 18847)

Each regional library network shall receive the same base level of funding, \$361,000, in accordance with Article 7, section 18862 of the Library of California Act. Regional library networks shall allocate their funding so that all program categories are addressed and may not allocate their funding to any other program categories.

**INTRODUCTION:** The work of regional contacts, Board members, and staff has resulted in the development of a Regional Library Network core services model that addresses funding the required services specified in the Library of California Act. The Board had specified that it desired a funding methodology that would not only be useful for creating funding allocations for the current fiscal year, but one that would also be relevant to future funding allocations. The Core Services Model provides the consistency that the Board requested. Staff recommends using this model and its methodology in providing funding allocations for regional library network services for the current year.

\$2,527,000 is requested to fund regional library network operations for the period January to June 2001. Such funds would be divided evenly among the seven networks and would be awarded as block grants for the purposes specified.

## BACKGROUND:

At the August 2000 Board meeting, there was considerable discussion concerning funding for the operations of the regional library networks and for statewide services which support network operations. The following scenario was developed to allow for discussion by both board representatives and regional contacts.

- **“September 6:** Board representatives Fong and Kallenberg meet with staff to view funding requirements of the Library of California Act and to identify funding issues that will need to be addressed in the creation of a funding model.
- **By October 1:** Staff creates a spreadsheet of the data received and compiled from the seven regional plans of service and distributes it to the Board team and regional contacts.
- **October 5:** Regional contacts meet with staff to review regional service plan spreadsheet and develop recommendations for a funding model.
- **October 6:** Board representatives Fong and Kallenberg and a small group of regional contacts meet with staff to review outcomes and reach consensus on a funding model to be presented to the Board for approval in November.”<sup>1</sup>

All of these working sessions occurred, and the result is the following model for funding regional library network operations for the remainder of the fiscal year, beginning January 1, 2001.

Both the Board representatives meeting on September 6 and the key contacts meeting on October 5 started with a review of the LoC Act. The Act specifies the following services that a region shall provide.

- Reference and Information Services(Sect. 18846)
- Delivery (Sect. 18842(c))
- Training (Sect. 18845)
- Administration including development and support of the network council (Sect. 18841)
- Public Relations (Sect. 18847)
- Telecommunications (Sect.18842(a))
- Intraregional communications (Sect.18842(b))

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<sup>1</sup> Library of California Action Items, August 18, 2000.

The Act also identifies several services that a regional library network may offer, including:

- Cooperative coordinated resource development (Sect.18848), and
- Regional Library Networks may apply to the state board for funds for region-wide programs for their under-served populations (Sect.18849).

While these services are desirable, there is no requirement for funding them during the current fiscal year.

At the Board representatives meeting on September 6, a process evolved that developed a model budget from a zero-based perspective, identifying a methodology for budgeting in each mandated service area. During the regional contacts meeting on October 5, contacts were provided the opportunity to comment and expand upon the information that had been tabulated from their plans of service. Because the plans of service were not consistently formatted their definition of funding for core elements could not be drawn from the data as it was presented. Contacts therefore considered the possibilities of:

1. Reworking their figures into a standard table so that all regional data could be compared using identical categories,
2. Trying to work with the data as presented, providing any corrections to data that might have been entered incorrectly or inaccurately, or
3. Zero-base the regional library networks budgets and identify categories to be funded and provide a rationale for funding for each category.

It was decided that prior to undertaking either the first or the second options, contacts were interested in reviewing a zero-based approach. Following that presentation, regional contacts agreed that this was the approach to funding they wanted to be considered at the joint meeting with Board members on October 6. Therefore, both the Board representative group and the regional key contacts group followed a similar process for defining services and developing a budget model.

Using the information gathered and considered during the October 5 meeting, the joint Board/key-contacts group discussed alternatives and developed a funding model that all participants endorsed.

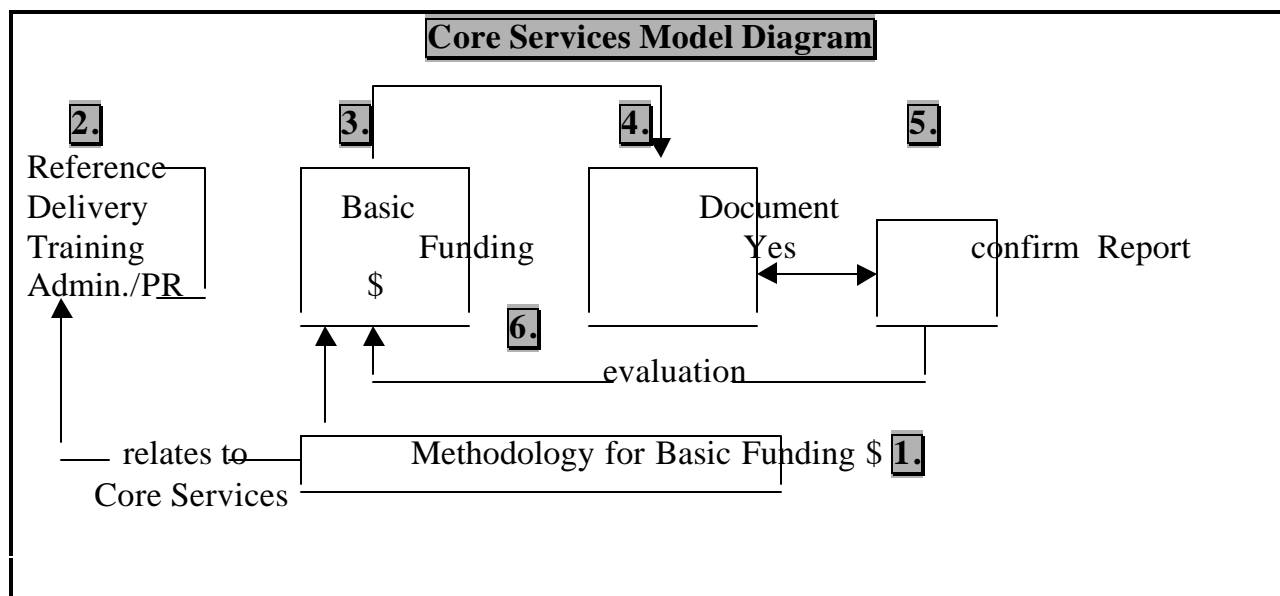
The Core Services Model that was developed requires that funds provided to regional library networks be used for those services required by the Library of California Act. The Core Services Model identifies the required elements for which funding is needed in the current year. All of the required elements above will be funded during FY 2000/01, with the exception of the last two items (Sections 18842(a) and 18842(b)) for which funding has already been allocated through telecommunications infrastructure grants that continue through the end of the fiscal year.

During the discussion of this model, there was concern that because of the limited amount of time in which regions were required to spend their allocations, that there may be funds remaining that could be used for other purposes if they could be reallocated. There was discussion about whether it was more prudent to allocate funding as a lump sum at the beginning of the period, or to provide funding in several allocations to ensure that all funds were used most efficiently. Resulting from that discussion by both Board and regional contact groups was the determination that a lump allocation was adequate as long as reporting mechanisms were developed and enforced, and that these mechanisms must provide analysis of fund use and the ability to identify funds that could be reallocated by the Board before the end of the fiscal year.

In addition, both groups recommended that costs of deliverables and standards for delivery must be developed. The proposed methodology for developing these would be:

- Staff will review data elements from CLSA and other programs to evaluate current methodologies and standards.
- Staff will develop an initial list of evaluation elements and survey the regional networks on standards for measuring costs and deliverables in January 2001.
- Staff will develop evaluation elements for service “deliverables” with a timeline for Board consideration at its February 2001 meeting.
- Staff will develop a proposed model that allows for consistent data collection by all regions and provide it to network staff prior to the time that the first report would be due in March 2001.

It is understood that this timeline may make it difficult to acquire good data during the first quarter of 2001. However, the data collection process is designed to integrate into standards development and program planning through a feedback process. The following diagram was created at the October 6 meeting that outlines the process to be used in applying the model.



**Explanation of diagram (as numbered above):**

1. A methodology for creating a basic funding allocation will be developed and approved as the basis for funding regional library networks. This methodology is based on the Library of California Act requirements for core service provision.
2. Funding requirements of the Act are identified.
3. A funding allocation as a lump sum will be provided to the regional library network for provision of the required services. Funding would occur prior to January 1, 2001.
4. Award letters will specify services for which funds must be used. As soon as possible thereafter staff will send to the regional networks reporting requirements and timelines, including a request for a report prior to the April LoC Board meeting that provides in both quantitative and narrative form how the funds are meeting these service goals and an estimate of the amount of funds that will remain available at the end of the fiscal year. A standardized reporting model will be developed which would facilitate collecting and analyzing financial data, and this would be distributed following the LoC Board meeting in February. Two reports would be required for these funds: at the end of March, and at the end of June 2001.
5. Each Regional Library Network will submit its report of activity, expenditures, and potential remaining funds to be analyzed prior to the April, 2001 Board meeting.
6. Staff will analyze network reports and recommend to the Board revisions in funding allocation, if necessary, to ensure complete expenditure of local assistance funds.

### Recommendation:

Staff recommends providing funding to regional library networks as equal block grants of \$361,000 for the current fiscal year. The rationales for this decision are:

- Small amount of funds available to cover network operational costs,
- All regions will encounter some basic start-up costs, regardless of size,

- Begins the process of developing the concept of a basic allocation as required by the Act for funding after the first three years of operations, and
- Regional allocations will begin to vary substantially as program elements are developed and allocations for services develop based on network activity and service delivery.

Staff recommends and is prepared to create reporting documents to be used by the regional library networks for reporting their expenditures during the remainder of this fiscal year. This will provide information on network expenditures for each required area, and will also provide expenditure information to allow for reallocation of funds that will not be able to be used within the timeframe.

## **BUDGET REVIEW**

At this Board Meeting, the Board has three actions which commit \$3,706,500 of Library of California Funds. These three actions are:

1. \$300,000 for extension of the Interlibrary Loan Pilot through the remainder of the fiscal year 2000/01.
2. \$75,000 to provide funding for 10 additional Z39.50 grants.
3. \$2,527,000 to fund Regional Library Network operations for the remainder of the fiscal year 2000/01.

Exhibit A is the chart of the funding activity for the current fiscal year, which indicates these proposed expenditures in Column E. LoC Funds remaining after these expenditures are \$281,500.

At this Board Meeting, there are no requests for funding for CLSA programs.

## **RELATED ISSUES TO COME BEFORE THE BOARD IN THE FUTURE:**

1. Consider funding for Library of California Regional and Statewide programs for the remainder of 2000/01, if required.
2. Discuss and consider funding models for regional library network operations on an ongoing basis for 2001/02 and future years.
3. Consider funding for Library of California Regional and Statewide programs for 2001/02.

Relevant Committee: Support Services  
Staff Liaison: Diana Paque